

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-20475A

WATCO, Inc.
PO Box 1270
Show Low, AZ 85902

7 RECEIVED

APR 18 2011

ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2010
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FOR COMMISSION USE

ANN 04	10
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4-20-11

4-20-11

COMPANY INFORMATION

Company Name (Business Name) WATCO, INC.

Mailing Address PO BOX 1270
(Street)
SHOW LOW AZ 85902
(City) (State) (Zip)

(928) 537-8739 (928) 537-1245 (928) 368-3197
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email
Address WATERCOS@GMAIL.COM

Local Office Mailing Address SAME AS ABOVE
(Street)
N/A N/A N/A
(City) (State) (Zip)

N/A N/A N/A
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address N/A

MANAGEMENT INFORMATION

Management Contact: THOMAS GRAPP GENERAL MANAGER
(Name) (Title)

PO BOX 1270 SHOW LOW AZ 85902
(Street) (City) (State) (Zip)
(928) 537-8739 (928) 537-1245 N/A
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email
Address WATERCOS@GMAIL.COM

On Site Manager: SAME AS ABOVE
(Name)

N/A N/A N/A N/A
(Street) (City) (State) (Zip)
N/A N/A N/A
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address N/A

Statutory Agent: <u>MARK GRAPP</u>			
(Name)			
<u>340A NORTH 9TH STREET</u>	<u>SHOW LOW</u>	<u>AZ</u>	<u>85901</u>
(Street)	(City)	(State)	(Zip)
<u>(928) 537-8739</u>	<u>(928) 537-1245</u>	<u>N/A</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Attorney: <u>N/A</u>			
(Name)			
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
(Street)	(City)	(State)	(Zip)
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email			
Address <u>N/A</u>			

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input checked="" type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input checked="" type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	1,542	0	1,542
302	Franchises	7	0	7
303	Land and Land Rights	27,094	0	27,094
304	Structures and Improvements	67,850	16,199	51,651
307	Wells and Springs	48,807	25,861	22,946
311	Pumping Equipment	44,078	35,283	8,795
320	Water Treatment Equipment	0	0	0
330	Distribution Reservoirs and Standpipes	137,269	64,291	72,978
331	Transmission and Distribution Mains	1,619,869	449,169	1,170,700
333	Services	239,519	82,112	157,407
334	Meters and Meter Installations	26,482	26,482	0
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	0	0	0
340	Office Furniture and Equipment	0	0	0
341	Transportation Equipment	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	0	0	0
346	Communication Equipment	0	0	0
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	TOTALS	2,212,517	699,397	1,513,120

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	1,542	0	0
302	Franchises	7	0	0
303	Land and Land Rights	27,094	0	0
304	Structures and Improvements	67,850	3.33	2,259
307	Wells and Springs	48,807	3.33	1,625
311	Pumping Equipment	44,078	12.5	5,510
320	Water Treatment Equipment	0	0	0
330	Distribution Reservoirs and Standpipes	137,269	5	6,863
331	Transmission and Distribution Mains	1,619,869	2	32,397
333	Services	239,519	3.33	7,976
334	Meters and Meter Installations	26,482	8.33	2,206
335	Hydrants	0	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	0	0	0
340	Office Furniture and Equipment	0	0	0
341	Transportation Equipment	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	0	0	0
346	Communication Equipment	0	0	0
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	TOTALS	2,212,517	N/A	58,836

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$0	\$2,710
134	Working Funds	(149)	0
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	13,490	8,977
146	Notes/Receivables from Associated Companies	0	0
151	Plant Material and Supplies	0	0
162	Prepayments	1,995	0
174	Miscellaneous Current and Accrued Assets	0	0
	TOTAL CURRENT AND ACCRUED ASSETS	\$15,336	\$11,687
	FIXED ASSETS		
101	Utility Plant in Service	\$2,211,317	\$2,212,517
103	Property Held for Future Use	0	0
105	Construction Work in Progress	0	0
108	Accumulated Depreciation – Utility Plant	584,521	699,397
121	Non-Utility Property	0	0
122	Accumulated Depreciation – Non Utility	0	0
	TOTAL FIXED ASSETS	\$1,626,796	\$1,513,120
	TOTAL ASSETS	\$1,642,132	\$1,524,807

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$0	\$0
232	Notes Payable (Current Portion)	14,643	9,852
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	13,330	13,435
236	Accrued Taxes	0	0
237	Accrued Interest	5,922	6,679
241	Miscellaneous Current and Accrued Liabilities	0	0
	TOTAL CURRENT LIABILITIES	\$33,895	\$29,966
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$47,190	\$178,592
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$0	\$0
252	Advances in Aid of Construction	1,610,928	1,610,928
255	Accumulated Deferred Investment Tax Credits	0	0
271	Contributions in Aid of Construction	0	0
272	Less: Amortization of Contributions	0	0
281	Accumulated Deferred Income Tax	0	0
	TOTAL DEFERRED CREDITS	\$1,610,928	\$1,610,928
	TOTAL LIABILITIES	\$1,692,013	\$1,819,486
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$0	\$0
211	Paid in Capital in Excess of Par Value	0	0
215	Retained Earnings	(49,881)	(294,679)
218	Proprietary Capital (Sole Props and Partnerships)	0	0
	TOTAL CAPITAL	\$(49,881)	\$(294,679)
	TOTAL LIABILITIES AND CAPITAL	\$1,642,132	\$1,524,807

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$154,270	\$141,455
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	695	815
	TOTAL REVENUES	\$154,965	\$142,270
	OPERATING EXPENSES		
601	Salaries and Wages	\$74,562	\$71,880
610	Purchased Water	0	0
615	Purchased Power	11,849	10,831
618	Chemicals	0	0
620	Repairs and Maintenance	3,406	3,139
621	Office Supplies and Expense	7,812	7,690
630	Outside Services	3,469	2,364
635	Water Testing	4,098	1,938
641	Rents	9,949	7,255
650	Transportation Expenses	9,931	5,028
657	Insurance – General Liability	1,995	1188
659	Insurance - Health and Life	0	0
666	Regulatory Commission Expense – Rate Case	0	0
675	Miscellaneous Expense	268	0
403	Depreciation Expense	58,780	58,836
408	Taxes Other Than Income	8,728	9,024
408.11	Property Taxes	3,226	1,808
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$198,073	\$180,981
	OPERATING INCOME/(LOSS)	\$(43,108)	\$(38,711)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	(1,292)	(454)
	TOTAL OTHER INCOME/(EXPENSE)	\$(1,292)	(454)
	NET INCOME/(LOSS)	\$(44,400)	\$(39,165)

COMPANY NAME	WATCO, INC.
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SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	06-26-2008	N/A	N/A	N/A
Source of Loan	WIFA	N/A	N/A	N/A
ACC Decision No.	70055	N/A	N/A	N/A
Reason for Loan	SYSTEM INFRASTRUCTURE	N/A	N/A	N/A
Dollar Amount Issued	\$ 600,000.00	N/A	N/A	N/A
Amount Outstanding	\$178,592	N/A	N/A	N/A
Date of Maturity	06-26-2028	N/A	N/A	N/A
Interest Rate	4.9%	N/A	N/A	N/A
Current Year Interest	\$3,033	N/A	N/A	N/A
Current Year Principle	\$9,852	N/A	N/A	N/A

Meter Deposit Balance at Test Year End	\$1,880
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Meter Deposits Refunded During the Test Year	\$493
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COMPANY NAME WATCO, INC.			
Name of System: SAME AS ABOVE		ADEQ Public Water System Number 09049	

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-603156	10	58	538	8	2	1964
55-506606	5	31	440	6	2	1983

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
2	7	1	N/A

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
100,000	1	10,000	1
25,000	1	3,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME WATCO, INC.	
Name of System: SAME AS ABOVE	ADEQ Public Water System Number: 09091

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-901337	20	200	465	8		2004

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
30	1	22	N/A
7.5	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
120,000	1	5,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME WATCO, INC.	
Name of System: SAME AS ABOVE	ADEQ Public Water System Number: 09049

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4	AC & PVC	33,872
5		
6	PVC	9,206
8	PVC	1,700
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	336
3/4	
1	
1 1/2	
2	1
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

12' X 30' BUILDING

20' X 20' BUILDING

OTHER:

N/A

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME WATCO, INC.		
Name of System:	SAME AS ABOVE	ADEQ Public Water System Number: 09091

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PVC	1,494
8	PVC	13,030
10		
12	PVC	1,427

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	5
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

18' X 24' BUILDING

OTHER:

N/A

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: WATCO, INC.		
Name of System: SAME AS ABOVE	ADEQ Public Water System Number: 09049	

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	292	1,136,560	1,341,500	0
FEBRUARY	293	952,790	1,054,400	0
MARCH	291	832,080	952,500	0
APRIL	293	1,220,200	1,446,900	0
MAY	294	1,110,980	1,212,400	0
JUNE	290	1,692,680	2,058,200	0
JULY	292	1,837,760	1,936,720	0
AUGUST	292	1,433,015	1,218,500	0
SEPTEMBER	287	1,551,190	1,748,500	0
OCTOBER	288	1,230,950	1,276,800	0
NOVEMBER	288	1,527,710	1,118,200	0
DECEMBER	290	1,142,840	1,348,500	0
TOTALS →		15,668,750	16,713,120	0

What is the level of arsenic for each well on your system? POE 1 <.001, POE 2 <.001 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for N/A hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
() Yes (X) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (X) No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: WATCO, INC.		
Name of System: SAME AS ABOVE	ADEQ Public Water System Number: 09091`	

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	5	14,990	0	0
FEBRUARY	5	14,270	2,300	0
MARCH	5	13,260	0	0
APRIL	5	19,910	2,700	0
MAY	5	36,290	4,700	0
JUNE	5	57,960	5,200	0
JULY	5	69,950	6,500	0
AUGUST	5	63,700	3,100	0
SEPTEMBER	5	72,020	1,800	0
OCTOBER	5	41,030	2,600	0
NOVEMBER	5	51,750	900	0
DECEMBER	5	16,860	0	0
TOTALS →		471,990	29,800	0

What is the level of arsenic for each well on your system? <.002 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
() Yes (X) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (X) No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: WATCO, INC.		
Name of System: SAME AS ABOVE	ADEQ Public Water System Number: 09027/09049/09091	

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY	0	0	0
FEBRUARY	0	1	0
MARCH	0	0	0
APRIL	0	0	0
MAY	0	0	0
JUNE	0	0	0
JULY	0	0	0
AUGUST	0	0	0
SEPTEMBER	0	0	0
OCTOBER	0	0	0
NOVEMBER	0	0	0
DECEMBER	0	0	0
TOTALS →	0	1	0

OTHER (description):

N/A

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 1,808.14

Attach to this annual report proof (e.g. property tax bills stamped “paid in full” or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. N/A

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED
APR 14 2011
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) NAVAJO	
NAME (OWNER OR OFFICIAL) TITLE THOMAS E. GRAPP	GENERAL MANAGER
COMPANY NAME WATCO, INC.	

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING


MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL

9.28 537 8739

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME By
By Thomas Grapp
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

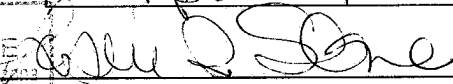
THIS 14 DAY OF

COUNTY NAME Navajo	
MONTH April	20 11

MY COMMISSION EXPIRES



OFFICIAL SEAL
LESLIE D. SLONE
NOTARY PUBLIC - State of Arizona
NAVAJO COUNTY
My Comm. Expires May 10, 2011



SIGNATURE OF NOTARY PUBLIC

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	0
Estimated or Actual Federal Tax Liability	0
State Taxable Income Reported	0
Estimated or Actual State Tax Liability	0
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	0
Amount of Gross-Up Tax Collected	0
Total Grossed-Up Contributions/Advances	0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year’s annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

<div><div><div></div><div>SIGNATURE</div></div><div>THOMAS GRAPP</div><div>PRINTED NAME</div></div>	<div><div><div>4-14-11</div><div>DATE</div></div><div>GENERAL MANAGER</div><div>TITLE</div></div>
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**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
APR 14 2011
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) NAVAJO
NAME (OWNER OR OFFICIAL) TITLE THOMAS GRAPP GENERAL MANAGER
COMPANY NAME WATCO, INC.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH 12	DAY 31	YEAR 2010
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HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT


IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 142,270

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 9,024
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



SIGNATURE OF OWNER OR OFFICIAL
(928) 537-8739

TELEPHONE NUMBER


SUBSCRIBED AND SWORN TO BEFORE ME by
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 14 **DAY OF**

COUNTY NAME Navajo
MONTH April 2011

(SEAL)

MY COMMISSION EXPIRES _____



SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
2010 APR 14
ACCUITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	NAVAJO	
NAME (OWNER OR OFFICIAL)	THOMAS GRAPP	TITLE GENERAL MANAGER
COMPANY NAME	WATCO, INC.	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 142,270

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 9,024
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**



SIGNATURE OF OWNER OR OFFICIAL

(928) 537-8739

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

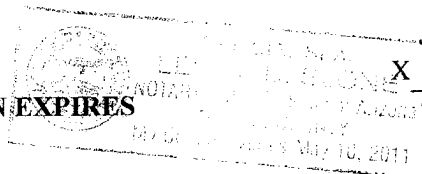
14

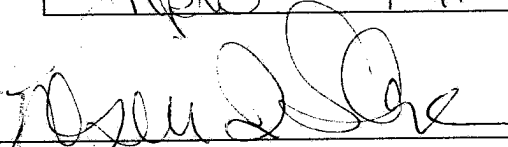
DAY OF

NOTARY PUBLIC NAME Leslie D. Sloane	
COUNTY NAME Navajo	
MONTH April	2011

(SEAL)

MY COMMISSION EXPIRES





SIGNATURE OF NOTARY PUBLIC